

CHARTER FIRST SOUTH BOARD COMPENSATION COMMITTEE

The Board of Directors of First South Farm Credit, ACA has established a Compensation Committee (the "Committee") with authority, responsibilities and specific duties as described below.

Purpose

The Committee shall establish, review and approve the Association's total compensation philosophy, including the benefit programs; oversee the development and utilization of appropriate policies and programs to attract, retain, incent and reward high performing individuals; monitor executive development practices in order to ensure succession alternatives for the Association; evaluate the performance of the chief executive officer; and report to the Board of Directors its recommendations and observations with respect to the foregoing, and with respect to the specific duties set forth below.

The Committee shall be provided with whatever resources it needs to fulfill its responsibilities, including outside consultants, as appropriate, and shall have sole authority to retain, terminate and determine the fees of any such consultant. In addition, the Compensation Committee will have easy and ready access to institution resources and personnel, particularly senior officers and managers with human resources responsibilities, to obtain needed information and gain the best overall understanding of the compensation program.

Membership

The Compensation Committee shall be comprised of at least five directors as determined by the Board, each of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

The Chairman and members of the Committee shall be appointed by the Chairman of the Board with ratification by the full Board and shall serve until their successors shall be duly selected and qualified. This will occur during the first Board meeting following the annual meeting. If the Chairman of the Board is not a member of the Committee, he may serve as a non-voting member. The Chief Executive Officer and Chief Financial Officer may participate on a non-voting basis.

Meetings

The Committee will meet a minimum of two times each year with additional meetings as it may deem appropriate.

Minutes

Minutes of each meeting will be prepared by the Chief Financial Officer and sent to Committee members for approval prior to submission to the full Board. The Compensation Committee shall maintain records of meetings, including attendance, for at least 3 fiscal years as required by FCA Regulation 620.31.

The Committee shall meet in executive session at each meeting. The Committee shall reserve for such session all matters it determines should be discussed/voted on in executive session, including any matter that may be required by FCA regulations to be determined in executive session.

Specific Duties

1. The Committee will maintain an annual calendar which delineates actions required of the Committee during the calendar year. Separate procedures will be maintained outlining the duties of the Chairman of the Committee and the steps that will be taken to fulfill the duties assigned to the Committee.
2. Ongoing training on compensation trends and updates will occur to include the design and development of appropriate compensation practices and programs as well as tax, accounting and legal implications of implementing compensation programs and the long-term financial implications of those programs.
3. Determine corporate compensation philosophy and target objectives toward total pay (competitive, below, above), and then evaluate success at meeting target objectives.
4. Assess the on-going competitiveness of the total executive compensation plan and review benefit plans to ensure competitive "fit". Establish and periodically review policies in the area of perquisites and "fringe" benefits for key contributors.
5. Annually conduct an audit of the total executive compensation package to ensure it satisfies the long-term financial objectives of the Association with measures that analyzes the long-term financial obligation of the total compensation programs and benefits plans.
6. Annually review and approve the goals and objectives of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of these goals, and set appropriate compensation levels based on this evaluation. Review market data and salary structure recommendations.
7. Review management's recommendations and provide guidance on matters relating to senior officer compensation. Senior officers shall be defined as any officer who serves as a member of the management team.
8. Review and approve annual and long-term incentive compensation programs for all Association employees, including plan design, documentation, and incentive amounts. Review the annual corporate plan and the appropriateness of financial measures and degree of difficulty in achieving targets. Recommend any bonus considerations outside established policies and guidelines.
9. Annually review executive development and succession plan, as well as orderly succession to the post of CEO.
10. Annually approve the Association's salary structure and merit matrix to be used in conjunction with performance appraisal form.
11. Carry out special assignments from the Board Chairman regarding issues on compensation and employee benefits.
12. Conduct an annual evaluation of the Committee's performance and make recommendations to the full Board regarding committee member appointments and removals.

13. Review and recommend compensation for the Board.
14. Review annually the Committee's charter, and make appropriate recommendations to the full Board.
15. Report from the CEO to the Compensation Committee any severance plans and benefits offered under severance plans.
16. Any other assignment as requested by the First South Farm Credit Board.
17. Review the annual disclosures related to compensation programs and practices to ensure accurate, comprehensive and understandable disclosures.